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The President's Scratch-Pad

Don't Tell 'Em; Show 'Em

AMERICAN employers in 1946—the first 12-month period after World War II—are learning that the biggest problems of management lie not in discovering the best ways of doing things, but in ascertaining the best ways of persuading employees to accept the findings and decisions of management as fair and just.

In the most capitalistic and the least authoritarian of nations, the workers have the loudest voice in deciding their own treatment and destinies. Their civil liberties exist not only in the area of politics, but in the industrial zone as well.

American employers in 1946 cannot afford to look upon these conditions emotionally. They must consider them as cold facts—a set of problems to be solved—a condition not likely ever to change. Justice Brandeis said efficiency depends upon consent, and without using the same words, thousands of American companies have incorporated that wisdom into their labor relations policies. They know this is a problem to be licked, and they have set about solving it intelligently in their own way.

It is the purpose of these paragraphs to indicate some of the methods that are being utilized—methods within the reach of any employer, large or small—methods that are management's methods and not those of the advertising and the public relations counsel—methods that do not depend upon the copywriter's skill or the smooth voice of the radio announcer. Professional public relations work is, of course, highly effective in many instances, but it cannot show good

results if the employee's day-to-day experience seems to contradict what he is being told over the radio or in the printed word.

Call it training, call it education or "personnel work," it consists, in essence, in making management less formidable, in showing that its techniques are both accurate and fair, and in showing that the company's purposes can benefit the workers as much as the stockholders and the top executives. These efforts can take many forms.

For example, some companies have found that by training union representatives in time study procedures, they can better explain the methods by which standards of output are reached.

In a number of notable cases, management has taken its competitive problems to the employees, shown them what the company must do if it is to survive, if it is to keep the employees in jobs, if it is to pay the employees increasingly higher wages. Such a program has been developed, to name one instance, by the Minneapolis-Honeywell Regulator Company.*

Organizations which employ advanced personnel techniques, such as testing and merit rating, have taken pains to explain the purposes of these tools to the employees, to make it clear that these tools enable management to be fairer than it otherwise could be.

Such companies have realized that scientific management can become a cult—that rank-and-file employees are likely

* See "How Will You Make Your Workers Cost-Conscious?" by Paul Wishart, AMA Production Series No. 160.

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TRENDS IN BUSINESS

GENERAL OUTLOOK

Seven months after V-J day, the economy still continues operating at a level unbelievably high in view of the predictions for this period made during the war.

Income payments for January, for example, were at the rate of \$155,000,000 a year (seasonally adjusted) and department store sales continue well above last year's high levels. Total job-seekers numbered only 2,700,000 early in February, and carloadings are off less than 7 per cent from the same period last year.

All this could mean, of course, a boom building up to a bust, especially in view of the lag in production, which increases the pressure on prices, which, in turn, tends to build up inflated inventory values and stock market prices.

Even here, however, there is evidence that improvement may not be too far away. Steel, for instance, once out of the strike doldrums, jumped back to 83.6 per cent of capacity in the first part of March.

If the bust is coming, it will probably be delayed for several months; and if government and industry manage the situation with any degree of wisdom, it may be avoided entirely.

PRODUCTION

Gains in manufacturing in some lines were offset by losses in others in February, with a resultant decrease in overall production. Output was, however, 38 per cent above the immediate prewar level.

Steel output, which dropped to a third of the January total in February, is already back to pre-strike levels. In the week ending March 16, operations reached 83.6 per cent of capacity.

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Trends in Business

(Continued)

In February, increases were reported in lumber, plate glass, flour, livestock, rubber products, paper, coal and crude oil.

DISTRIBUTION

Income declines since the end of the war have so far failed to register on retail trade. Dollar volume of department store sales in February was 21 per cent over the corresponding period of 1945, and total retail trade was 12 per cent over a year ago. In the week ending March 2, department store sales were 19 per cent above the same week in 1945.

CONSTRUCTION

While material shortages and cost considerations have prevented actual construction from keeping pace with the great increase in building permit values, the former has risen some 25 per cent since the end of the war.

Permit values in February (215 cities, Dun & Bradstreet figures) were off 2.6 per cent from January but still totaled more than twice the February, 1945, figure. Excluding New York, where permit values dropped 41.6 per cent from the January level, values totaled six times the amount recorded in February, 1945.

CORPORATION EARNINGS

Tabulation by the National City Bank of the 1945 earnings of 745 leading manufacturing corporations shows combined net income after taxes of \$1,153,000,000, as against \$1,173,000,000 in 1944, or a decrease of 2 per cent.

The 1945 figure represents an average return of 8.6 per cent on capital and surplus of \$13,470,000,000. In 1944, the return was 9 per cent; in 1941, 12.4 per cent; and in 1939, 8.5 per cent.

COST OF LIVING

Retail prices were at a 25-year high point in December and January and moved up still further in February. The Dun & Bradstreet wholesale price index (30 basic commodities, 1930-32 = 100) stood at the high level of 186.75 on March 12, a gain of 5.8 per cent over a year ago.

SOURCES:

ALEXANDER HAMILTON INSTITUTE
BROOKMIRE, INC.
BUSINESS WEEK
CLEVELAND TRUST COMPANY
DUN'S REVIEW
FEDERAL RESERVE BANK OF
NEW YORK
NATIONAL CITY BANK

HEARD AT AMA MEETINGS

VETERANS AND UNIONS

Will veterans form unions of their own? Probably not, said E. Wight Bakke, Director, Labor and Management Center, Yale University, and speaker at the Chicago Personnel Conference, February 13-15. Labor unions are aware of that danger, he pointed out, and will do everything they can to integrate the veterans into existing organizations.

However, according to Frank Rising, General Manager, Automotive & Aviation Parts Manufacturers, Inc., another conference speaker, returning veterans in Detroit are about two to one against unions.

MERIT RATING

The importance of training supervisors to use the whole scale in making merit ratings was emphasized by Joseph Tiffin, Division of Applied Psychology, Purdue University, at the Personnel Conference.

"Consider the item 'job performance,'" Dr. Tiffin said. "If one supervisor consistently places all his men at the top, or near the top on this, while another places most of his men at bottom, it is obvious that the ratings made by the two cannot fairly be compared—unless there is a marked difference in the average of the two groups, which is not likely in most instances."

Further, Dr. Tiffin pointed out, on some traits, such as "loyalty," many supervisors tend to give everyone top score. In this case, he added, the trait might just as well not be included in the chart, since it changes the relative ratings not at all.

"If the item is to be of any help," Dr. Tiffin said, "the raters must be trained to spread out their men over the possible range of points. If they cannot or will not do this, or if for industrial relations reasons it is not thought wise to ask them to do so, then the item should be removed from the chart—unless the personnel department is having trouble keeping the clerks busy and wants more figures for them to check."

STRIKE ADVERTISING

During labor disputes companies often advertise figures on average wages in order to prove the fairness of their compensation policies. A generally unrealized danger in this practice was noted by Eugene Lyons, Director of In-

dustrial Relations, Merck & Company, at the Personnel Conference.

If the figure is the average, Mr. Lyons said, half or more than half of the people in the plant are generally getting less than the amount stated. "And every employee who is getting less is immediately irritated. He has never thought of himself as 'below average,' yet the figure seems to show that he is. Moreover, he realizes that his family and friends will read the advertisements and draw the same conclusion. Another possible effect will be to make him feel that the company is exaggerating its rates."

As an alternative, Mr. Lyons suggested that the company give the information in a different way: "The company's average hourly rates range from 75 cents an hour for entirely unskilled employees to \$1.50 an hour for the highly skilled, and weekly take-home pay ranges from \$30 a week to \$60."

OVERSELLING

In the period just ahead a good many retailers will be fair game for any salesman who wants to oversell them, Professor Ralph S. Alexander of the School of Business, Columbia University, predicted at the Marketing Conference in New York, January 15-17.

In the first place, Professor Alexander said, the retail trade will be full of new merchants who do not know their business, since many former GI's and defense workers will open retail stores; in the second place, many of the experienced retailers are "poorer merchants today than they were before the shooting began, because their selling muscles have grown soft during the shortages."

An overstocked retailer, the speaker warned, is not a good outlet for anybody, since he cannot be expected to do a good job of reselling goods he wishes he never had bought.

INSURABLE VALUES

Insurable values have gone up tremendously in the past four or five years, it was pointed out at the Insurance Conference, March 11-13 in New York City.

Replacement costs on buildings, it was suggested, are anywhere from 30 to 70 per cent higher than they were prewar. In one case, it was stated, a company found that the cost of replacing a building in the Mid-West would be 250 per cent higher than in 1939.

RESEARCH DEPARTMENT

Employment Interviewing

Today's tempo of employment activities brings to the forefront a problem that hitherto has received insufficient attention from management: that of training qualified interviewers. A vanguard of companies is already providing formal training for interviewing staffs. Others are in the process of formulating or introducing training programs. From many of these organizations comes the request for a practical text adaptable for use in such training. Accordingly, AMA has prepared a *Manual of Employment Interviewing** which embodies working principles and procedures governing the interview.

The survey on which the *Manual* is based revealed a number of pitfalls in interviewing, some of which are discussed below. Teaching interviewers to recognize and avoid these pitfalls might well be a primary training objective.

1. *Personal bias*: Each of us, over the years, collects a fair quota of likes, dislikes, sentiments, opinions and beliefs. What are some of these biases? To answer this question in a general way, several persons were asked to list 10 traits, habits, or other characteristics which they considered objectionable and which would influence adversely their judgments of persons possessing them. Two of the lists obtained are given below:

List A

People who:

- (1) bite their fingernails
- (2) talk with a cigarette in the mouth
- (3) interrupt you
- (4) play with articles on their person
- (5) smoke chain-fashion
- (6) are pretentious or braggarts
- (7) use "I" continuously
- (8) are inconsiderate
- (9) avoid looking you in the eye
- (10) "alibi"

List B

People who:

- (1) chew and snap gum
- (2) are jittery or fidgety
- (3) are non-stop talkers
- (4) are too aggressive
- (5) wear loud clothing
- (6) are not meticulous about personal hygiene

- (7) are mousy and bashful
- (8) are fresh and "smart alecky"
- (9) make gestures with their hands
- (10) are foreign-looking

It is obvious that the above lists were not compiled by trained interviewers. The bearing of the traits named on particular jobs may be highly questionable.

Few persons are without biases and preconceptions of one kind or another. How can this fact be reconciled with the demands of the interviewer's art? The answer is simple, though the task it imposes on the interviewer is not. The latter must examine his attitudes and beliefs minutely. What are his habitual reactions to members of various racial, religious, political, or cultural groups—or to redheads or blondes, for that matter? What are the origins of these reactions? Have they a rational basis? Has any definite relationship been established between the characteristics which the interviewer singles out and ability to perform on the job? Once the interviewer identifies those beliefs and attitudes which are rooted primarily in emotion instead of reason, he will deliberately compensate for his recognized prejudices.

2. *Pseudo-science and myth*: Closely allied to bias are most of the premises of such pseudo-sciences as graphology, physiognomy, numerology, palmistry, phrenology and astrology. Any interviewer who seeks to establish himself on a sound professional basis must be familiar with the present-day status of these and other psychological gold-bricks.

3. *Stereotyped interviewing*: It is a generally accepted principle of interviewing that the individuality of applicants should be respected. A stereotyped approach contradicts this principle. Yet many interviewers have been guilty of this violation. Each interview they conduct is a facsimile of the preceding one. The same questions are asked, in exactly the same way and in the same sequence. There is no adaptation to the individual, no stimulating exchange of ideas, no interplay of attitudes. At best, such an interview is likely to produce little more information than could have been elicited by the employment application. This should not be interpreted to mean that there must be a complete absence of

routine in the interview. The important point is that the interviewer must learn to determine where a healthy amount of routine ends and stereotyping sets in.

4. *The illusion of previous experience*: An interviewer who fears to trust his own judgment often settles upon an applicant who has had previous experience on a similar job.

Actually, previous experience taken in conjunction with other pertinent factors is an extremely valuable indicator of future performance, but it is not, of itself, a guarantee of ability to do a job well.

* * *

In addition to a more detailed discussion of the foregoing pitfalls, other sections of the *Manual* deal at length with such phases of interviewing as: *Types of Interviews*, *Physical Setting of the Interview*, *Techniques of Interviewing*, *The Standardized Interview*, and *Selection Aids*.

Super-Seniority

The doctrine of veterans' super-seniority, which has been bitterly opposed by many labor unions, is now on its way to final adjudication in the courts. Latest decision, by the U. S. Second Circuit Court of Appeals (March 4), upholds the union position.

Super-seniority, which was introduced by Selective Service in Memorandum 190-A, provides that a veteran must receive his old job back, even if it means displacing a non-veteran of greater seniority. In the case of *Fishgold vs. Sullivan Drydock and Repair Corporation*, the Circuit Court held that the employer was within his rights in laying off a veteran during the first year after reemployment in order to retain an employee with greater seniority.

Influenced largely by this decision, the Allegheny Ludlum Steel Corporation announced last week that it had executed an agreement with the United Steelworkers providing that all production workers, including returning veterans, will be assigned to jobs on the basis of union contract seniority.

Concerning the provisions of the Selective Service Law, Justice Learned Hand of the Circuit Court said in the decision: "It will be observed that he [the veteran] is to be 'restored' to his original position or to one of 'like seniority, status and pay,' whenever possible. The phrase, 'like seniority' means the 'same seniority' as before; and it necessarily precludes any gain in seniority."

*Research Report No. 9. Members, \$1.50; non-members, \$2.25. Quantity prices to company members. Distribution restricted to company members until July 1, 1946.

ACTIVITIES of the AMA

Production Conference Session To Deal with Labor Productivity

Incentives for Foremen, Top Management Policies Also Scheduled for Discussion

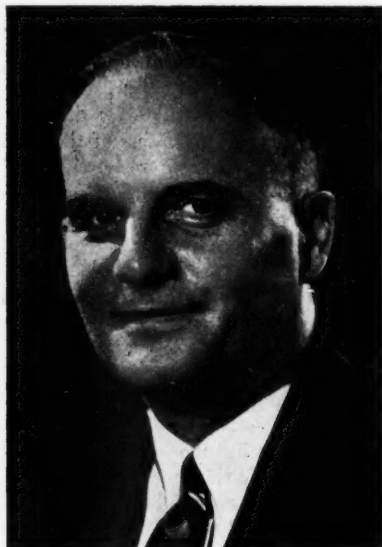
The question of labor productivity, so important in today's wage negotiations, will be discussed in detail at AMA's Spring Production Conference, April 22-24, in New York City. Sessions will be held at the Hotel Pennsylvania, under the direction of L. Clayton Hill, Works Manager, Eagle Pencil Company, and AMA Vice President for the Production Division.

Mr. Hill will also be among the speakers at the session on labor productivity, at which executives from representative manufacturing companies will consider: "What Constitutes a Fair Day's Work?" Other speakers on this topic will be H. F. Howard, Vice President, Manufacturing, Freuhauf Trailer Company; Ralph Presgrave, Vice President, E. D. Woods & Gordon, Ltd.; and Edward T. Cheyfitz, Motion Picture Producers and Distributors Association of America.

Incentive plans for foremen will be considered at a session on "Helping the Foreman Do a Better Job," at which speakers will include West Hodges, Forstmann Woolen Company, and Charles W. Lytle, Professor of Industrial Engineering, New York University.

Other topics include: "Auditing Top Management's Policies," to be discussed

by top executives of representative firms; "Making Use of All New Training Ideas"; "Making Sure All Phases of Operation Are Under Control"; and "Employee Suggestion Programs."



L. CLAYTON HILL

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(Continued from page 1)

to conceive it as an organized plan to get more work out of them—that the employee may feel like a subhuman creature, kneaded, tested, observed, and pushed around by a corps of superior people who are coldly detached and scientific in their attitude toward him.

Unless measures are taken to humanize the science, the employee is likely to regard it as an encroachment on his personal freedom, to be combatted by whatever means lie at hand. No amount of preaching about "free enterprise" will convince him to the contrary, only day-by-day human treatment which makes him feel that he is important, and that management recognizes his importance.

Incidentally, too, management should realize that a great deal of the talk about free enterprise in which it has indulged

Packaging Conference Will Forecast Outlook On Critical Materials

Authoritative information on the outlook for critical packaging materials and on the packaging machinery situation will be presented at AMA's three-day Packaging Conference April 2-4. Sessions will be held in conjunction with the Packaging Exposition, April 2-5, at the Atlantic City Auditorium.

Critical materials will be discussed by Edward J. Detgen, Owens-Corning Fiberglas Corp., formerly head of the WPB Container Section, and packaging machinery by Frank B. Fairbanks, Horix Manufacturing Company, who is President of the Packaging Machinery Manufacturers Institute.

New developments in both packaging and materials handling will be considered also, as well as such matters as container materials testing, package design, self-service packages, package display, and air cargo shipments. Albert W. Luhrs, AMA Vice President for the Packaging Division, is in charge of the sessions.

Exposition to Reveal Many New Developments

A number of new packaging developments will be revealed for the first time at AMA's Packaging Exposition, to be held in the Atlantic City Auditorium, April 2-5.

More than 150 exhibitors will take part in the show, which will be the largest in AMA history.

International Congress Postponed

Uncertainties in world conditions have caused postponement of the meeting of the Eighth International Management Congress, scheduled for Stockholm, Sweden, August 31 of this year.

The Swedish National Committee, as official host to the Congress, notified William L. Batt, president of the International Committee on Scientific Management, that "prominent quarters within Swedish industrial and commercial life find present world situation of character hardly giving desirable background for International Congress aiming at . . . reaching satisfactory working results."

Arrangements for the Congress had been reported earlier by the Swedish Committee as progressing satisfactorily. The National Management Council of the U. S., sponsoring American participation in the Congress, had arranged for presentation of approximately 30 papers on progress in management in this country since the last international meeting, and had expected U. S. delegates at the Congress would number more than 100.

There is a possibility that the Congress will be held in June, 1947; and AMA members will be notified as plans develop.

in recent years has convinced only other members of management. *Business Week* recently conducted a little survey of its own to determine just what the phrase meant to the average worker. The opinion of about half of those questioned could be summed up in the comment of a New York subway guard: "It's just a lot of woids." Others had their own original conceptions of the meaning of the phrase, like the Pittsburgh steelworker who evidently regarded it as a new kind of communism. "I don't listen to that kind of talk," he said, "I like it here."

The moral of all this is: Don't tell 'em; show 'em.

Alvin E. Dodd

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